

AMENDED IN SENATE APRIL 17, 2006

SENATE BILL

No. 1424

Introduced by Senator Figueroa

February 22, 2006

~~An act to add Chapter 1.5 (commencing with Section 13984) to Part 4.5 of Division 3 of Title 2 of the Government Code, relating to~~ *An act to amend Section 10529 of the Unemployment Insurance Code, relating to economic development.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1424, as amended, Figueroa. ~~State government: economic development: economic competitiveness. The California Workforce and Economic Information Program: administration: report.~~

Existing law provides for the California Workforce and Economic Information Program which requires the Employment Development Department, in coordination with specified state agencies, to provide workforce and economic information that provides data and information regarding the state's economic growth, identifies information from various state data bases to provide statewide analysis and products, and provides technical assistance related to accessing workforce and economic information to specified local agencies and private entities.

This bill would also require the Employment Development Department to provide data and information to the California Commission on Industrial Innovation for assessment of the manufacturing sector, as described. This bill would also require the department to convene, at least annually, an advisory committee, comprised of specified individuals, to solicit input in the operation of the California Workforce and Economic Information program.

Additionally, this bill would require the department to publish a biannual report, beginning on or before December 7, 2007, on the status of manufacturing in California, as described. Finally, this bill makes findings regarding the importance of importance of manufacturing to the state's economy.

~~Existing law requires the Secretary of Business, Transportation and Housing to develop and report to the Governor on legislative, budgetary, and administrative programs to accomplish comprehensive, long-range, coordinated planning and policy formulation in the matters of public interest related to the agency.~~

~~This bill would require the Secretary of Business, Transportation and Housing to establish a Blue Ribbon Task Force on Manufacturing Competitiveness within the Business, Transportation and Housing Agency. The task force would be responsible for making findings regarding the strategic importance of manufacturing in the state, investigating the status of nanotechnology, micro electro mechanical systems, and biotechnology in the state, determining how to retain existing manufacturing and technology facilities and their support infrastructure in the state, and developing and recommending to the Governor, the Legislature, and the Secretary of Business, Transportation and Housing a strategic initiative on manufacturing competitiveness, as specified.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature hereby finds and declares all of
- 2 the following:
- 3 (a) From January 1990 to September 2003, California lost
- 4 nearly 400,000 manufacturing jobs. The proportion of total state
- 5 employment represented by manufacturing in California dropped
- 6 from 15.9 percent to 10.9 percent during the same period.
- 7 Productivity improvements and wage competition in other parts
- 8 of the world accounted for most of the job loss.
- 9 (b) The core of California's competitive manufacturing
- 10 advantage in the future is the use of new materials *and processes*,
- 11 such as nanotechnology and Micro Electro Mechanical Systems
- 12 (MEMS), applied through advanced manufacturing techniques to
- 13 produce innovative products that are moved across global

1 electronic and surface trade links to customers anywhere in the
2 world. Information technology penetrates and ties together every
3 element of this process.

4 (c) An innovative, highly trained workforce skilled in
5 technical and applied uses of advanced technologies generates a
6 firm's competitive advantage. These technologies are moving
7 from the laboratory into manufacturing. The state or nation
8 assuming a leadership role in this new form of manufacturing
9 will dominate the industrial revolution that is already under way.

10 (d) California's skilled labor force is aging, with a substantial
11 number retiring over the next 5 to 10 years. *California must*
12 *provide midcareer retraining to its workforce or risk losing new*
13 *career opportunities for its most valuable workers and creating a*
14 *new class of unemployed or underemployed professionals.*

15 (e) A new multiethnic workforce is emerging that will need to
16 be trained in technology related skills and learn manufacturing
17 techniques. Over 60,000 Latinos and Hispanics passed the high
18 school Math and English exit exams in 2005 and are ready to be
19 trained for manufacturing jobs, or to go on to higher education.
20 *New manufacturing jobs generated by this wave of startup*
21 *companies that emerge from research at national labs and*
22 *universities will require more advanced skill sets than those that*
23 *were required for prior increased waves of manufacturing jobs at*
24 *startup companies.*

25 (f) Technology transfer, innovative available venture capital,
26 and entrepreneurial skills are key to the continuous emergence of
27 small new companies. These companies produce the technology
28 and jobs of the future. This bounty must be moved into
29 manufacturing operations in California.

30 (g) Biotechnology, nanotechnology, and advanced
31 manufacturing plants in aerospace, computers, and food
32 processing are expensive, *and have short useful lives with high*
33 *market risks*, requiring incentives and public-private investment
34 strategies. California needs to attract the billions of dollars that
35 manufacturers are investing in India and other states back to
36 California.

37 (h) Logistics ~~is~~ *are* integrated into successful manufacturing
38 operations *and infrastructure is critical to manufacturing*
39 *operations.* The specialized needs of high value goods movement
40 in the state and for exports from the state ~~needs~~ *need* to be

1 addressed. *Manufacturing operations must have a plentiful and*
2 *consistent supply of water, electric power, and natural gas.*

3 (i) California must consolidate its leadership role in the
4 advancement of science and technology, and in the new forms of
5 manufacturing embedded in the emerging ~~industrial revolution~~
6 *knowledge revolution. To achieve that leadership in emerging*
7 *technologies, California must improve the commercialization of*
8 *the research conducted at universities and federally funded*
9 *research centers in California.*

10 (j) In order to ensure California secures and protects its
11 capacity to reap the maximum economic benefits, including high
12 ~~wage employment, state government should assume leadership~~
13 ~~by undertaking a strategic initiative on manufacturing~~
14 ~~competitiveness.~~ *wage employment, there needs to be a*
15 *coordinated effort among state agencies and the private sector to*
16 *collect and interpret the most current data available that will*
17 *provide a comprehensive picture of the status and trends in the*
18 *manufacturing sector of our economy.*

19 SEC. 2. Section 10529 of the Unemployment Insurance Code
20 is amended to read:

21 10529. (a) The services provided by the existing labor
22 market information system within the department shall include
23 workforce and economic information that does all of the
24 following:

25 (1) Provides data and information to the state Workforce
26 Investment Board created pursuant to Section 2821 of Title 29 of
27 the United States Code, to enable the board to plan, operate, and
28 evaluate investments in the state's workforce preparation system
29 that will make the California economy more productive and
30 competitive.

31 (2) Provides data and information to the California Economic
32 Strategy Panel for continuous strategic planning and the
33 development of policies for the growth and competitiveness of
34 the California economy.

35 (3) Identifies and combines information from various state
36 data bases to produce useful, geographically based analysis and
37 products, to the extent possible using existing resources.

38 (4) Provides technical assistance related to accessing
39 workforce and economic information to local governments,
40 public-sector entities, research institutes, nonprofit organizations,

1 and community groups that have various levels of expertise, to
2 the extent possible using existing resources.

3 *(5) Provides data and information to the California*
4 *Commission on Industrial Innovation for continuous assessment*
5 *of the manufacturing sector of the state's economy and its*
6 *competitive position relative to other states and countries.*

7 (b) The department shall coordinate with the State Department
8 of Education, the Chancellor of the California Community
9 Colleges, the State Department of Social Services, the California
10 Postsecondary Education Commission, the Department of
11 Finance, and the Franchise Tax Board in developing economic
12 and workforce information. ~~The department shall also solicit~~
13 ~~input in the operation of the program from public and private~~
14 ~~agencies and individuals that make use of the labor market~~
15 ~~information provided by the department.~~

16 (c) *The department shall convene, at least once a year, an*
17 *advisory committee to solicit input on the operation of the*
18 *program. The advisory committee shall be comprised of members*
19 *who represent, equally, the following primary customer groups:*

20 (1) *Private sector entities, including, but not limited to, trade*
21 *associations and organizations and organizations representing*
22 *growth industry clusters, including industries like software*
23 *manufacturing, nanotechnology, biotechnology, and information*
24 *technology.*

25 (2) *Professional individuals or groups who use economic and*
26 *workforce information, including, but not limited to, local*
27 *one-stop career center operators, educators, career counselors,*
28 *organized labor groups, and economic developers.*

29 (3) *Individuals and organizations involved in public policy*
30 *research and development, including, but not limited to, local*
31 *workforce investment boards, research institutions, and regional*
32 *collaboratives.*

33 (d) *The department shall issue a biannual report, beginning on*
34 *or before December 1, 2007, on the status of manufacturing in*
35 *California. The report shall include, but is not limited to, the*
36 *following:*

37 (1) *The annual average number of employees in the state in*
38 *each of three classes for subsectors 3111 to 3339, inclusive, of*
39 *the North American Industry Classification System (NAICS), as*
40 *reported by taxpayers.*

1 (2) *The median wage paid statewide in each of the three*
2 *classes for subsectors 3111 to 3339, inclusive, of the NAICS, as*
3 *reported by taxpayers.*

4 (3) *The total employment and wages paid nationally and*
5 *statewide for subsectors 3111 to 3339, inclusive, of the NAICS.*

6 (4) *A comparison of national and statewide economic*
7 *indicators including, but not limited to, productivity trends,*
8 *industry trends, expenditure on new production technology and*
9 *information technology, the number of small, medium, and large*
10 *manufacturers, the rate of formation and closure of firms, and*
11 *the number of firms moving out of the state and their total*
12 *employment.*

13 (5) *Findings from biannual surveys of large and small*
14 *employers in the manufacturing sector that assess the concerns,*
15 *about manufacturing processes and energy costs, the skill levels*
16 *of workers and potential workers in the industry, costs and*
17 *availability of training resources for workers, levels of*
18 *outsourcing and insourcing, productivity measures, and market*
19 *competition.*

20 (6) *The number of new manufacturing firms created, the*
21 *number of firms disbanded or leaving the state, the number of*
22 *new manufacturing facilities and jobs created by California*
23 *companies that expand within the state, the number of new*
24 *manufacturing facilities and jobs lost from expansions outside of*
25 *the state, the rate of manufacturing skill development, the rate of*
26 *manufacturing productivity, the need for more or fewer*
27 *manufacturing employees as driven by productivity changes, and*
28 *the ongoing success rates of manufacturers over time.*

29 (7) *The three classes, for the purposes of the report required*
30 *by this subdivision, are:*

31 (A) *Low wage, which includes employees who earn between*
32 *zero dollars (\$0) and thirty thousand dollars (\$30,000) a year.*

33 (B) *Medium wage, which includes employees who earn*
34 *between thirty thousand one dollars (\$30,001) and sixty thousand*
35 *dollars (\$60,000) a year.*

36 (C) *High wage, which includes employees who earn sixty*
37 *thousand one dollars (\$60,001) or more a year.*

38 (e) *The department may contract with outside parties for the*
39 *preparation of the report required by subdivision (d) and, in*
40 *addition to expending existing resources applicable to creating*

1 *and publishing the biannual report, may request the California*
2 *Commission on Industrial Innovation for disbursement of funds*
3 *from the Industrial Innovation Fund, in accordance with Section*
4 *12095.52 of the Government Code.*

5 ~~SEC. 2. Chapter 1.5 (commencing with Section 13984) is~~
6 ~~added to Part 4.5 of Division 3 of Title 2 of the Government~~
7 ~~Code, to read:~~

8
9 ~~CHAPTER 1.5. BLUE RIBBON TASK FORCE ON~~
10 ~~MANUFACTURING COMPETITIVENESS~~
11

12 ~~13984. Not later than _____, the Secretary of Business,~~
13 ~~Transportation and Housing, shall, in consultation with and with~~
14 ~~active leadership by, the California Council on Science and~~
15 ~~Technology, establish a Blue Ribbon Task Force on~~
16 ~~Manufacturing Competitiveness, utilizing existing resources~~
17 ~~within the Business, Transportation and Housing Agency and~~
18 ~~other state agencies.~~

19 ~~13984.1. Task force membership shall, at a minimum, be~~
20 ~~drawn from known experts in economic development, finance,~~
21 ~~venture capital, the academic and research community, labor,~~
22 ~~manufacturing industry organizations, including entities~~
23 ~~representing minority manufacturing, public and private~~
24 ~~education and workforce training providers, and organizations~~
25 ~~and entities possessing expertise in nanotechnology, Micro~~
26 ~~Electro Mechanical Systems (MEMS) and biotechnology.~~

27 ~~13984.2. The task force shall be responsible for the~~
28 ~~following:~~

29 ~~(a) Making findings regarding the strategic importance of~~
30 ~~manufacturing in California.~~

31 ~~(b) Investigating the status of nanotechnology, MEMS, and~~
32 ~~biotechnology in California and its potential to transform current~~
33 ~~concepts and applications of manufacturing and industrial~~
34 ~~development.~~

35 ~~(c) Determining how to make California's business and~~
36 ~~investment climate attractive enough to retain existing~~
37 ~~manufacturing facilities and billion dollar nanotechnology and~~
38 ~~related foundries and technology, including the supporting~~
39 ~~supplier chains and other elements of industry clusters, and the~~
40 ~~one hundred million dollars (\$100,000,000) per plant~~

1 biotechnology, pharmaceutical, and other manufacturing
2 facilities, including their supporting clusters in California.

3 (d) ~~Developing and recommending to the Governor, the~~
4 ~~Legislature, and the Secretary, a strategic initiative on~~
5 ~~manufacturing competitiveness that shall include, but is not~~
6 ~~limited to, the following:~~

7 (1) ~~Identifying and weighing the contribution that key~~
8 ~~competitive factors make at particular times in the development~~
9 ~~and maintenance of the competitive advantage of manufacturing~~
10 ~~sectors, including but not limited to the following factors:~~

11 (A) ~~Advanced digital manufacturing technologies.~~

12 (B) ~~Logistics.~~

13 (C) ~~Information technology and broadband communications.~~

14 (D) ~~Intellectual property.~~

15 (E) ~~Venture capital availability.~~

16 (F) ~~New materials availability.~~

17 (G) ~~A technically trained and innovative workforce.~~

18 (H) ~~Life-long learning.~~

19 (I) ~~Links between small and medium-sized companies.~~

20 (J) ~~State regulations and tax policy.~~

21 (K) ~~State business assistance and other direct technical and~~
22 ~~business services.~~

23 (2) ~~Determining the key enabling technologies most likely to~~
24 ~~be particularly significant for manufacturing in the future,~~
25 ~~including the following factors:~~

26 (A) ~~When they will become significant.~~

27 (B) ~~What will drive or constrain their development.~~

28 (C) ~~What other nations and states are doing in the field and if~~
29 ~~it has been effective in the past, or is likely to be in the future.~~

30 (D) ~~What state government should do to facilitate~~
31 ~~manufacturing development including the availability of capital,~~
32 ~~technology transfer, business services, regulatory relief,~~
33 ~~workforce training, and tax incentives to obtain, use, and train for~~
34 ~~technology.~~